



Second-Party Opinion

Brookfield Property Group Australian Sustainable Finance Framework

Evaluation Summary

Sustainalytics is of the opinion that Part A of the Brookfield Property Group Australian Sustainable Finance Framework is credible, impactful and aligns with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2021. This assessment is based on the following:¹



USE OF PROCEEDS The eligible categories for the use of proceeds – Green Buildings and Energy Efficiency & Renewable Energy – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories are expected to lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7 and 9.



PROJECT EVALUATION / SELECTION BPG’s internal process for evaluating and selecting projects will be carried out by its Green Finance Management Committee (GFMC) with final approval from the Brookfield Property Group Australia’s Portfolio Management Board.² BPG has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories. Sustainalytics considers these processes to be in line with market practice.



MANAGEMENT OF PROCEEDS BPG’s GFMC will oversee the processes for management and allocation of proceeds to eligible projects are overseen by the GFMC and tracked using the Green Instrument Register. BPG intends to fully allocate proceeds within 24 months. Unallocated proceeds will be held temporarily in cash or cash equivalent instruments and liquid investments. Sustainalytics considers this process to be in line with market practice.



REPORTING BPG intends to report on allocation of proceeds on an annual basis until full allocation. Allocation reporting will include information on eligible green projects, amount allocated to eligible green projects and the balance of unallocated proceeds. In addition, BPG is committed to reporting on relevant impact metrics. Sustainalytics views BPG’s allocation and impact reporting as aligned with market practice.

Evaluation date	June 03, 2022
Issuer Location	Sydney, Australia

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¹ The Brookfield Property Group Australia Sustainable Finance Framework consists of two distinct frameworks or parts, namely Part A: Framework for Use of Proceeds Green Debt Instruments; and Part B: Framework for Sustainability-Linked Loans. This Second-Party Opinion is limited to Part A: Framework for Use of Proceeds Green Debt Instruments.

² The GFMC will consist of senior members from BPG’s properties, capital markets, treasury and sustainability departments. The Portfolio Management Board includes senior members from BPG’s portfolio management, finance, investment and legal teams.

Introduction

Brookfield Property Group (“BPG”, or the “Company”), is the investment manager for Brookfield Asset Management’s real estate portfolio in Australia. Founded in 1997, Brookfield Asset Management (the “Group”) with its headquarters in Toronto, Canada, has over USD 725 billion in assets under management across real estate, infrastructure, renewable power, private equity and credit sectors as of 2022.

BPG has developed the Brookfield Property Group Australia Sustainable Finance Framework, which consists of two distinct frameworks or parts, namely Part A: Framework for Use of Proceeds Green Debt Instruments; and Part B: Framework for Sustainability-Linked Instruments. This Second-Party Opinion is limited to Part A: Framework for Use of Proceeds Green Debt Instruments, therefore the term “Framework” in this Second-Party Opinion refers exclusively to Part A as dated May 2022. BPG intends to issue green loans and bonds under the Framework, and use the proceeds to finance and refinance, in whole or in part, existing and future projects that are expected to reduce the carbon footprint of BPG’s real estate portfolio, contribute to improving energy efficiency of buildings in Australia, and lead to other positive environmental impacts. The Framework defines eligibility criteria in two areas:

1. Green Buildings
2. Energy Efficiency & Renewable Energy

BPG engaged Sustainalytics to review the Framework and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)³ and Green Loan Principles 2021 (GLP).⁴ The Framework has been published in a separate document.⁵

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁶ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2021, as administered by LMA, APLMA and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11 which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of BPG’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. BPG representatives have confirmed (1) they understand it is the sole responsibility of BPG to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

³ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

⁴ The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>.

⁵ The Brookfield Property Group Australia Sustainable Finance Framework is available on Brookfield’s website at: <http://www.brookfieldproperties.com/en/our-approach/sustainability.html>.

⁶ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and BPG.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, BPG is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that BPG has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Brookfield Property Group Australia Sustainable Finance Framework

Sustainalytics is of the opinion that the Framework, is credible, impactful and aligns with the four core components of the GLP and GBP. Sustainalytics highlights the following elements of BPG's Green Finance Framework:

- Use of Proceeds:
 - The eligible categories, Green Buildings and Energy Efficiency & Renewable Energy, are aligned with those recognized by the GLP and GBP.
 - BPG has identified a 24-month, look-back period for refinancing activities.
 - Under the Green Buildings Category, BPG may finance or refinance expenditures related to the construction, development, acquisition, refurbishment, and upgrade of new or existing residential, commercial, and industrial buildings that meet the following eligibility:
 - Eligible new construction and development projects - BPG may finance or refinance buildings that have received or are expected to receive NABERS (5 stars and above). For existing projects, eligible buildings must meet NABERS (4.5 stars and above). Additionally, eligible commercial buildings must conform with the carbon emissions intensity target for the applicable geographical location of the building calculated according to the Location-Specific Criteria of the Climate Bonds Standard. In addition to meeting the above criteria, BPG intends to use the following complementary eligibility criteria:
 - Buildings that have received or will receive, NABERS Water (4 stars and above)
 - Buildings that have received or will receive, NABERS Indoor Environment (4 stars and above)
 - Buildings with GBCA⁷ Green Star Design & As Built Certification⁸ (5 stars and above) for buildings built post 2023 and Green Star (6 stars) for existing buildings, and buildings with Green Star Performance Certification (4 stars and above).^{9 10}
 - BPG will also consider buildings certified by other green building certificates or labels that are recognized in the asset's local jurisdiction and are

⁷ GBCA at: https://www.gbca.org.au/uploads/91/2139/Introducing_Green_Star.pdf

⁸ GBCA-Green Star Design & As Built Certification, at: <https://new.gbca.org.au/green-star/rating-system/design-and-built/>

⁹ Sustainalytics does not opine on Green Star Performance Certification.

¹⁰ GBCA-Green Star Performance Certification, at: <https://new.gbca.org.au/green-star/rating-system/performance/>

equivalent to or exceed the aforementioned certifications. Sustainalytics notes that it is market expectation to specify all eligible schemes and certifications and encourages BPG to report on any specific schemes and certifications it intends to use.

- For the refurbishment and upgrade of existing buildings, BPG may finance or refinance initiatives which result in a minimum 30% energy efficiency improvement or reduction in carbon emissions compared to the building's baseline prior to the refurbishment. Sustainalytics considers these activities to be in line with market practice.
- Under the Energy Efficiency & Renewable Energy category, BPG intends to finance projects, products and technologies that reduce total energy consumption of residential, industrial, and commercial buildings including the following:
 - Installing energy-efficient ventilation and air conditioning systems.
 - Installing building management systems to assist with the optimisation in air conditioning, atmospheric parameter control, HVAC temperature and efficiency control, controlling indoor air quality, improvements in thermal insulation, LED lighting, and smart metering.
 - Data collection and analysis to improve the efficiency of such systems by contracting energy efficiency consultants.
 - Installation of solar panels and procurement of electricity via physical power purchase agreements (PPAs). BPG has confirmed that the PPAs will be long-term agreements, meaning longer than five years. Additionally, BPG may also engage in purchasing Large-Scale Generation Certificates (LGCs) along with PPAs under the Framework.
- BPG commits to not finance nor refinance any projects related to buildings intended for the extraction, storage, transportation or manufacture of fossil fuels.
- Sustainalytics considers the criteria for financing energy efficiency and renewable energy projects to be aligned with market practice.
- Project Evaluation and Selection:
 - BPG has established a Green Finance Management Committee (GFMC) that will be responsible for identifying and selecting eligible projects based on the criteria set out in the Framework. The GFMC consists of senior members from properties, capital markets, treasury and sustainability departments.
 - BPG's Portfolio Management Board (PMB) will give final approval on projects selected by the GFMC. The PMB consists of senior members from BPG's portfolio management, finance, investment and legal teams.
 - BPG has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with eligible categories. See section 2 for further details.
 - Based on the established process for project selection and the presence of risk management processes, Sustainalytics considers these to be in line with market practice.
- Management of Proceeds:
 - The GFMC will track and supervise the proceeds using the Green Instrument Register. Additionally, the Company intends to fully allocate proceeds within 24 months of issuance.
 - The management of unallocated proceeds will be overseen by the GFMC. Unallocated proceeds will be held in cash or cash equivalents, or short term and liquid instruments.
 - Based on the use of a tracking system and disclosure of temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - BPG intends to report on the allocation and impact of proceeds annually in its Use of Proceeds and Impact Report which will be provided directly to the relevant financiers of the Green Instrument.
 - Allocation reporting will include the net proceeds of the green loans and green bonds issued under the Framework, along with details on unallocated proceeds and temporary investments.
 - Impact reporting will include qualitative and quantitative performance metrics, like level of environmental certifications and emissions intensity (in kgCO₂/m²).
 - Based on BPG's intentions with respect to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021 and Green Loan Principles 2021

Sustainalytics has determined that Part A of the Brookfield Property Group Australia Sustainable Finance Framework aligns with the four core components of the GBP and GLP. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Performance of BPG

Contribution of the Framework to BPG's sustainability strategy

Sustainalytics is of the opinion that BPG demonstrates a commitment to sustainability through its group-wide climate change strategy and green building initiatives.

BPG recognizes and follows the ESG practices of its parent company Brookfield Asset Management Inc. (the "Group"). Aiming to ensure a sustainable business model,¹¹ the Group has implemented ESG practices that include mitigating the environmental impact of its operations and conducting business according to ethical, legal and regulatory standards.¹² The Group has formulated a climate change strategy that aims to contribute towards transitioning to a net zero carbon economy in the future, notably by incorporating climate change mitigation and adaptation processes within the Group's portfolio.¹³ The Company in particular intends to reach net zero GHG emissions from its entire portfolio by 2050.¹⁴ The Company has also adopted the science-based approaches and standardized methodologies to deliver its climate change commitments. Between 2016 and 2020, the Company reduced its Scope 2 (location-based) indirect emissions by 24% through using grid electricity across its portfolio.¹⁵

The Company promotes green building practices through all stages of a project including initial design, construction and operation, such as reducing energy consumption and using environmentally friendly materials. In addition, up to 99% of the Company's eligible global core office area has achieved a sustainability designation via third-party standard providers including LEED, NABERS, Green Star, Energy Star, BOMA 360 and BREEAM.¹⁶ The Company has committed to build 100% of all their new buildings according to LEED Gold standards to address GHG emissions, energy efficiency, water use, indoor air quality and other impacts..

Sustainalytics is of the opinion that the Framework is aligned with the Company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the net proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects, could include occupational health and safety, land use and biodiversity issues associated with large-scale infrastructure development and emissions and waste generated during construction activities.

Sustainalytics is of the opinion that BPG can manage and/or mitigate potential risks through implementation of the following:

- To identify and mitigate risks associated with workers' health and safety, BPG applies the precautionary principle which follows ISO 31000 (Risk Management) and ISO 45001 for Occupational Health and Safety.^{17,18,19} The Company's senior management with oversight from the CEO and board of directions are responsible for ensuring safe working practices throughout the Company, including compliance with Australia's work health and safety.²⁰ The Company offers regular training to directors, managers, and staff on WHS.²¹ BPG also follows an internal code of ethics and anti-bribery

¹¹ ESG at Brookfield Asset Management, "Responsibility", (2021), at: <https://www.brookfield.com/responsibility>

¹² Ibid

¹³ Brookfield Asset Management, "2020 ESG Report", (2021), at: <https://www.brookfield.com/responsibility/2020-esg-report>

¹⁴ Brookfield Properties, "Sustainability, Building a better world together", (2021), at: <https://www.brookfieldproperties.com/en/our-approach/sustainability.html>

¹⁵ Ibid

¹⁶ Brookfield Properties, "Sustainability at a glance", (2022), at: <https://www.brookfieldproperties.com/en/our-approach/sustainability.html>

¹⁷ Brookfield Properties, "2021 ESG Report Australia", (2022), at: <https://www.brookfieldproperties.com/en/our-approach/sustainability.html>

¹⁸ ISO 31000 for risk management, at: <https://www.iso.org/iso-31000-risk-management.html>

¹⁹ ISO 45001 Occupational Health & Safety, at: <https://www.iso.org/iso-45001-occupational-health-and-safety.html>

²⁰ Safe work Australia, "Duties under WHS laws", at: <https://www.safeworkaustralia.gov.au/law-and-regulation/duties-under-whs-laws>

²¹ Brookfield Properties, "2021 ESG Report Australia", (2022), at: <https://www.brookfieldproperties.com/en/our-approach/sustainability.html>

and corruption policy, which outline principles for acting with integrity and lawfully, making ethical business decisions and respecting human rights.

- To address land use and biodiversity risks, BPG has a Sustainability in Developments Policy that includes considerations for site selection, land use plan, biodiversity and habitat for all its development projects.²² Furthermore, the Company's Environmental Management Policy considers the biodiversity and ecological value of its properties by reusing land for development.²³ BPG has confirmed with Sustainalytics that its real estate asset developments take place in brownfield sites with no direct impact on biodiversity.
- To manage emissions and waste generation, BPG adheres to its Environmental Management Policy, which aims to monitor and reduce emissions through various measures like using renewable sources for electricity generation, reusing and recycling of construction materials, and incorporating waste management measures during the various stages of construction.²⁴ BPG has adopted responsible contractor policies during the process of selecting contractors and sub-contractors for construction, repair and maintenance service. Additionally, all contractors are expected to comply with the applicable regional laws and regulations for construction activities.²⁵

Based on these policies, standards and assessments, Sustainalytics is of the opinion that BPG has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

The two use of proceeds categories are aligned with those recognized by the GBP and GLP. Sustainalytics has focused on green buildings, where the impact is specifically relevant in the local context.

Importance of green buildings in Australia

Buildings accounted for 36% of global energy demand and 37% of energy-related CO₂ emissions in 2020.²⁶ According to the International Energy Agency, all new buildings and 20% of the existing building stock would need to be zero-carbon ready by 2030 to help limit global warming to 1.5°C or below, in line with the Paris Agreement.²⁷ In Australia, lifetime emissions of buildings – construction, maintenance and use – were responsible for approximately 25% of GHG emissions in 2019.²⁸ In Australia, commercial buildings were responsible for approximately 25% of overall electricity use and 10% of total carbon emissions in 2021, and residential buildings 24% of total electricity use and 12% of total CO₂ emissions.^{29,30} Australia's annual building and infrastructure-related embodied carbon emissions made up to 10% of national GHG emissions. Green buildings can achieve an estimated average reduction of up to 15% in embodied carbon compared to similar designs with no sustainability measures.³¹ In addition, cost-effective energy efficiency actions across the building sector could achieve 23% reduction in emissions by 2030 and 55% by 2050.³²

Addressing the issue of buildings emissions is therefore crucial for Australia to meet its Paris Agreement targets of reducing 26-28% of its total GHG emissions by 2030 compared to 2005. In its 2021 Nationally Determined Contribution update, the Australian Government has committed to achieve net zero emissions by 2050.³³ As per the Australian Government, improving energy efficiency in buildings can play a key role in

²² Brookfield Properties' Sustainability in Developments Policy was bilaterally shared with Sustainalytics.

²³ Brookfield Properties' Environmental Management Policy was bilaterally shared with Sustainalytics.

²⁴ Ibid

²⁵ Brookfield Properties, "2021 ESG Report Australia", (2022), at: <https://www.brookfieldproperties.com/en/our-approach/sustainability.html>

²⁶ Global Alliance for Building and Construction, "2021 Global Status Report for Building and Construction", (2021), at:

https://globalabc.org/sites/default/files/2021-10/GABC_Buildings-GSR-2021_BOOK.pdf

²⁷ International Energy Agency, "Tracking Buildings 2021", (2021), at: <https://www.iea.org/reports/tracking-buildings-2021>

²⁸ ArchitectureAU, "Buildings produce 25% of Australia's emissions. What will it take to make them 'green' – and who'll pay?", (2019), at:

<https://architectureau.com/articles/buildings-produce-25-of-australias-emissions-what-will-it-take-to-make-them-green-and-wholl-pay/>

²⁹ Australian Government, Department of Industry, Science, Energy and Resources, "Commercial Buildings", (2022), at:

<https://www.energy.gov.au/government-priorities/buildings/commercial-buildings>

³⁰ Australian Government, Department of Industry, Science, Energy and Resources, "Residential Buildings", (2021), at:

<https://www.energy.gov.au/government-priorities/buildings/residential-buildings>

³¹ Clean Energy Finance Corporation, "Australian buildings and infrastructure: Opportunities for cutting embodied carbon", (2021), at:

<https://www.cefc.com.au/media/ovrk5l3/australian-buildings-and-infrastructure-opportunities-for-cutting-embodied-carbon.pdf>

³² Australian Sustainable Built Environmental Council, "Low Carbon, High Performance", (2016), at: <https://www.asbec.asn.au/wordpress/wp-content/uploads/2016/05/160509-ASBEC-Low-Carbon-High-Performance-Summary-Report.pdf>

³³ Australian Government, Department of Industry, Science, Energy and Resources, "International climate change commitments", (2021), at: [International climate change commitments | Department of Industry, Science, Energy and Resources](https://www.energy.gov.au/government-priorities/buildings/residential-buildings)

reducing overall national emissions.^{34,35} Energy efficiency measures are expected to help emissions from residential buildings in Australia reduce their share of indirect emissions from 22% in 2020 to 16% by 2030.³⁶ To benchmark emissions performance, Australia's regulatory Commercial Building Disclosure programme requires buildings with a net lettable area larger than 1000 m² undergoing a sale or lease transaction to have a building energy efficiency certificate (BEEC).^{37,38} The Australian Government aims to reduce GHG emissions from residential buildings by encouraging improved thermal performance of homes through the Nationwide House Energy Rating Scheme (NatHERS), which is based on house design, construction materials and climate zone. In 2021, 90% of building approvals in Australia used NatHERS as a pathway to comply with the National Construction Code's energy efficiency requirements.³⁹

Given the above-mentioned context, Sustainalytics recognizes the importance of developing green buildings in Australia. BPG intends to use the proceeds to finance or refinance green residential, commercial, or industrial buildings in Australia. Sustainalytics is of the opinion that BPG's financing is expected to improve the share of green buildings in Australia, thereby contributing to meeting the energy efficiency and building targets.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The loan(s) issued under the Brookfield Property Group Australian Sustainable Finance Framework advance(s) the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Energy Efficiency and Renewable Energy	7. Affordable and clean energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.

³⁴ Australian Government, "Improving the energy and emissions performance of buildings", (2019), at:

https://www.energy.gov.au/sites/default/files/improving_the_energy_and_emissions_performance_of_buildings_-_factsheet.pdf

³⁵ Australian Government, Department of Industry, Science, Energy and Resources, "Government Priorities", (2021), at:

<https://www.energy.gov.au/government-priorities/buildings/trajectory-low-energy-buildings>

³⁶ Department of Industry, Science, Energy and Resources, "Australia's emissions projections 2020", at:

<https://www.industry.gov.au/sites/default/files/2020-12/australias-emissions-projections-2020.pdf>

³⁷ Australian Government, Department of Industry, Science, Energy and Resources, "Government Priorities", (2021), at:

<https://www.energy.gov.au/related-sites/commercial-building-disclosure-cbd-program>

³⁸ Australian Government, CBD, "What is BEEC?", at: <https://www.cbd.gov.au/program/beec/what-beec-building-energy-efficiency-certificate>

³⁹ Australian Government, "NatHERS Year in Review", (2021), at: [Issue 13 - December 2021 | Nationwide House Energy Rating Scheme \(NatHERS\)](https://www.natHERS.gov.au/issue-13-december-2021-nationwide-house-energy-rating-scheme-natHERS)

Conclusion

BPG has developed the Brookfield Property Group Australian Sustainable Finance Framework under which it may issue green bonds and green loans and use the proceeds to finance or refinance green buildings, energy efficiency and renewable energy. Sustainalytics considers that the projects funded by the green finance proceeds help to decarbonize the Company's asset portfolio and improve the energy performance of the real estate sector in Australia.

The Brookfield Property Group Australian Sustainable Finance Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Brookfield Property Group Australian Sustainable Finance Framework is aligned with the overall sustainability strategy of the company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7 and 9. Additionally, Sustainalytics is of the opinion that BPG has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that Brookfield Property Group is well-positioned to issue green loans and green bonds, and that the Brookfield Property Group Australian Sustainable Finance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2021.

Appendices

Appendix 1: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Brookfield Property Group
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Brookfield Property Group Australian Sustainable Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	June 03, 2022
Publication date of review publication:	
Original publication date [please fill this out for updates]:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds – Green Buildings, Energy Efficiency and Renewable Energy – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories are expected to lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7 and 9.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other (<i>please specify</i>): |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (*if applicable*):

BPG's internal process for evaluating and selecting projects will be carried out by its Green Finance Management Committee (GFMC) with final approval from the Brookfield Property Group Australia's Portfolio Management Board. BPG has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories. Sustainalytics considers these processes to be in line with market practice.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |

- Summary criteria for project evaluation and selection publicly available
- Other (*please specify*):

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification
- In-house assessment
- Other (*please specify*):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

BPG's GFMC will oversee the processes for management and allocation of proceeds to eligible projects are overseen by the GFMC and tracked using the Green Instrument Register. BPG intends to fully allocate proceeds within 24 months. Unallocated proceeds will be held temporarily in cash or cash equivalent instruments and liquid investments. Sustainalytics considers this process to be in line with market practice.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (*please specify*):

Additional disclosure:

- Allocations to future investments only
- Allocations to both existing and future investments
- Allocation to individual disbursements
- Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds
- Other (*please specify*):

4. REPORTING

Overall comment on section (*if applicable*):

BPG intends to report on allocation of proceeds on an annual basis until full allocation. Allocation reporting will include information on eligible green projects, amount allocated to eligible green projects and the balance of unallocated proceeds. In addition, BPG is committed to reporting on relevant impact metrics. Sustainalytics views BPG's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- Project-by-project
- On a project portfolio basis

- Linkage to individual bond(s) Other (please specify):

Information reported:

- Allocated amounts Green Bond financed share of total investment
- Other (please specify):

Frequency:

- Annual Semi-annual
- Other (please specify):

Impact reporting:

- Project-by-project On a project portfolio basis
- Linkage to individual bond(s) Other (please specify):

Information reported (expected or ex-post):

- GHG Emissions / Savings Energy Savings
- Decrease in water use Other ESG indicators (please specify):

Frequency

- Annual Semi-annual
- Other (please specify):

Means of Disclosure

- Information published in financial report Information published in sustainability report
- Information published in ad hoc documents Other (please specify):
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer’s documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- Consultancy (incl. 2nd opinion) Certification

- Verification / Audit
 Rating
- Other (please specify):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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